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April 25, 1997

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

MUR 4633

APR 30 3 24 PM '97

FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL

Dear Commissioners:

I, James Anderson, file this complaint charging violations of the Federal Election Campaign Act of 1971, as amended ("FECA" or the "Act") 2 U.S.C. §§441a(a)(1), 441a(a)(8) and related regulations of the Federal Election Commission ("FEC"), 11 C.F.R. §§ 110.1(b), 110.1(h), 110.9(a) by Robert Riley and his principal campaign committee and by Robert Riley, Jr. The Act was further violated by Triad Management Services, Inc. ("Triad").

As outlined in the attached article from the Wall Street Journal and the attached AP wire story, Robert Riley, Jr., son of Congressman Robert Riley, violated the Act by contributing more than the permitted \$1,000 per person, per election, to the Riley for Congress campaign. Riley, Jr. contributed \$5,000 to various political action committees ("PACs") with the knowledge that substantial portions of those contributions would be contributed to the Riley campaign. These contributions were earmarked through a corporate entity, Triad, in violation of a the provision of the law prohibiting a corporation from serving as a conduit for earmarked contributions. Congressman Riley and his campaign committee violated the Act by accepting these excessive contributions.

Riley, Jr. either explicitly earmarked those contributions, or he indicated indirectly or implied that his contributions should be used toward his father's campaign. He has admitted providing the checks to Triad for transmission to the various PACs. As we show with the facts and summary below, the similarities of timing and amounts of the contributions to the PACs and, in turn, to the Riley

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campaign, are too striking to be mere coincidences. The coordination of this effort by Triad further underscores this conclusion.

Accordingly, we ask the FEC to instigate a thorough investigation into these illegal contributions to the Riley campaign and to take appropriate remedial action.

The Facts

Robert Riley ran for the U.S. Congress in the in 1996. The primary election on June 4 was vigorously contested and resulted in a runoff between two Republican candidates. Riley, Jr.'s contributions, and the subsequent PAC contributions, were all made immediately preceding this contested primary.

In a two-week period in May (May 9 through May 23) before the primary, Riley, Jr. contributed \$4,000 to five separate PACs, which in turn contributed \$3,500 to the Riley campaign. The contributions were made as follows:

- Conservative Campaign Fund: On May 9, Riley, Jr. contributed \$1,000; on May 29, the Fund contributed \$1,000 to the Riley campaign.
- American Free Enterprise: On May 13, Riley, Jr. contributed \$1,000; 10 days later, on May 23, the PAC contributed \$1,000 to the Riley campaign.
- Citizens Allied for Free Enterprise: On May 22, Riley, Jr. contributed \$1,000; two days later, on May 24, the Committee contributed \$1,000 to the Riley campaign.
- Faith, Family and Freedom: On May 23, Riley, Jr. contributed \$1,000; the next day, on May 24, the PAC contributed \$500 to the Riley campaign.

In addition, Riley, Jr. gave the following additional \$1,000 contribution:

- Eagle Forum PAC: On July 12, Riley, Jr. contributed \$1,000; on July 29 and September 11, the PAC contributed \$500 (each time) to the Riley campaign.

Riley, Jr. has stated that he gave the contributions to Triad to distribute to the various PACs. Since the contributions were received by the PACs, Triad completed its duties as a conduit for Riley, Jr.'s contributions.

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The Law

Under the federal campaign law, individuals may not "make contributions to any candidate, his or her authorized political committees or agents with respect to any election for Federal office which, in the aggregate, exceed \$1,000." 11 C.F.R.

110.1(b). "All contributions by a person made on behalf of or to a candidate, including contributions which are in any way earmarked or otherwise directed to the candidate through an intermediary or conduit, are contributions from the person to the candidate." 11 C.F.R. 110.6(a). Earmarked contributions count against the \$1,000 individual contribution limit.

A contribution does not have to be earmarked directly or expressly. FEC regulations provide that a contribution is earmarked "whether direct or indirect, express or implied, oral or written, [if it] results in all or any part of a contribution or expenditure being made to, or expended on behalf of, a clearly identified candidate or a candidate's authorized committee." 11 C.F.R. 110.6(b).

An individual may contribute to both a specific candidate and also to a political committee which has supported, or anticipates supporting, the same candidate in the same election, "as long as . . . (2) The contributor does not give with the knowledge that a substantial portion will be contributed to, or expended on behalf of, that candidate for the same election. . . ." 11 C.F.R. 110.1(h). Where that knowledge is present, the contribution counts against the individual's \$1,000 contribution limit.

A corporation may not serve as the conduit for an earmarked contribution. 11 C.F.R. § 110.6(b)(2)(ii). Corporations are further prohibited from "facilitating the making of contributions for candidates or political committees. The Federal Election Commission regulations define "facilitating" as including "soliciting contributions that are earmarked for a candidate that are to be collected and forwarded by the corporation . . ." 11 C.F.R. § 114.1(f)(2)(iii). The use of corporate employees and resources to "plan, organize or carry out [a] fundraising project" is also prohibited, unless such use is paid in full in advance by the beneficiary.

It is also a violation of the Act for a candidate or political committee to accept any contributions or make any expenditures that violate the provisions of part 110. 11 C.F.R. 110.9(a).

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Discussion

Riley, Jr. violated the law by exceeding the \$1,000 personal contribution limit. He contributed \$5,000 over his lawful contribution limit earmarked for the Riley campaign. Riley, Jr. contributed a total of \$5,000 to political committees which, in turn, immediately contributed an almost identical amount to the Riley campaign. Each Riley, Jr. contribution to a PAC was followed by a strikingly similar contribution to the Riley campaign, most within 1 to 14 days of the Riley, Jr. contributions. Congressman Riley and his committee have also violated the Act by accepting excessive contributions from his son.

Under the definition of earmarking in the FEC's regulations, there is little question that Riley, Jr. exceeded the lawful contribution limits by earmarking for the Riley campaign the money he contributed to these PACs. Whether the earmarking was explicit or subtle, it violates provisions of the Act. It cannot be mere coincidence that at least five separate contributions were made by Riley, Jr. to PACs in early May and in that same month, those same PACs each gave the same amounts to the Riley campaign.

The PACs, Riley, Jr. and Congressman Riley may attempt to argue that the contributions to the campaign were not coordinated and that the Riley, Jr. contributions were not earmarked to go to the Riley campaign. However, an investigation will show that this is not the case. Coincidence cannot explain the extraordinarily close timing of the Riley, Jr. contributions to PACs and the PAC contributions to the Riley campaign, all at a critical juncture in his campaign.

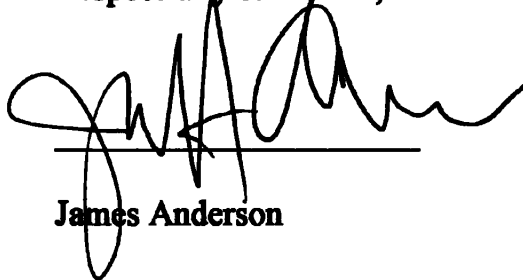
Even if Riley, Jr. can somehow argue that this money was not explicitly earmarked, Riley, Jr. contributed that money with the knowledge that a substantial portion would be contributed to the Riley campaign. Either way, Riley, Jr. violated the law by exceeding his personal contribution limit to the Riley campaign and the Riley campaign violated the law by accepting these excessive contributions.

Triad violated the campaign laws by serving as a conduit for contributions from Riley, Jr. to the PACs. Their efforts to solicit and coordinate contributions for the Riley campaign using corporate employees and resources (with no evidence of reimbursement by the Riley campaign at all, much less in advance), was a further violation of the prohibition on corporate contributions in connection with federal elections.

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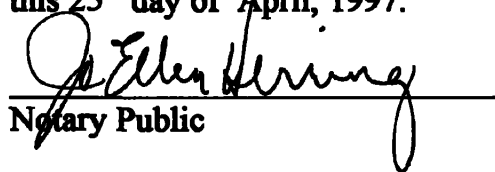
We request that the Commission conduct a prompt investigation into the above stated matters and enter into conciliation with the Respondents to remedy the violations by imposing any and all penalties grounded on the violations in this complaint.

Respectfully submitted,



James Anderson

Subscribed and sworn to before me
this 25th day of April, 1997.



Notary Public

